



December 1, 2009

### **FLA Board of Directors Resolution Ending the Special Review Period and Restoring Compliance of Russell Corporation with FLA Standards**

On June 25, 2009, the Fair Labor Association (FLA) Board of Directors adopted a resolution placing Russell Corporation on a 90-day period of special review arising from continuing concerns about Russell's remediation of the issues found at the Jerzees de Honduras (JDH) factory in Honduras. On June 29, 2009, the FLA issued a remediation plan setting out specific steps that Russell would have to take in order to come into compliance with FLA standards.

At its most recent Board of Directors meeting on October 28, 2009, the FLA extended Russell Corporation's special review period for an additional 45 days to allow for the continuation of the overall remediation process and negotiations between Russell and the union workers of SITRAJERZEESH and the General Confederation of Workers (CGT).

This decision was taken following the review of a report by COVERCO, a labor rights monitoring organization from the Central American region that conducted an independent verification of the implementation of the action plan, and of feedback from various stakeholders.

At the time that COVERCO conducted the verification (from October 5 to October 7), confidential negotiations were in progress that directly or indirectly addressed a number of the issues that were part of the FLA remediation plan. The FLA Board of Directors also received requests from the CGT union and from Russell, as well as other stakeholders, to extend the review period so that the negotiations and the overall remediation process could continue. The Board of Directors agreed to do so, extending the special review period for up to 45 days, and also to defer publication of the independent verification report until the negotiations were completed.

On November 14, Russell Corporation, SITRAJERZEES and the CGT concluded an agreement that both parties state is intended to foster workers rights in Honduras and to establish a harmonious and cooperative labor-management relationship. FLA staff has reviewed the agreement, duly signed by an officer of Russell Corporation and representatives of SITRAJERZEES and the CGT, and has verified that the accord indeed addresses satisfactorily the following issues which were part of the remediation plan:

- Reemployment of former JDH workers at a new factory to be established in the Choloma area or on a first-hire basis at other factories in the region.

- Additional financial assistance for affected workers.
- A program of freedom of association training to be conducted by a third party approved by the parties delivering content also approved by the parties.
- Commitment by the company to take steps to ensure that collective pacts are phased out in its plants in Honduras.

Based on the progress made in the implementation of the remediation plan documented by COVERCO, coupled with the conclusion of the agreement described above, the FLA Board of Directors finds that Russell has met the requirements issued as part of the 90-day special review period and therefore terminates the special review period. This action restores Russell Corporation's status as an FLA Participating Company in compliance with FLA requirements.

The FLA Board of Directors directs the FLA staff to continue to monitor implementation of the agreement and to provide a status report to the Board of Directors at its February 2010 meeting.